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SECOND UNITED NATIONS CONFERENCE
ON THE LEAST DEVELOPED COUNTRIES

Preparatory process for the Conference

WFP SUBSTANTIVE INPUT FOR THE PREPARATORY COMMITTEE

Contribution by the World Food Programme */

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World Food Programme
Programa Mundial de Alimentos
Programme Alimentaire Mondial
برنامج الأغذية العالمي

The Food Aid Organization of the United Nations System

A REVIEW

OF

WORLD FOOD PROGRAMME ASSISTANCE

TO THE

LEAST-DEVELOPED COUNTRIES

IN THE 1980s

Contribution of the WFP Secretariat to the
Second United Nations Conference on the
Least-Developed Countries

(Paris, September 1990)

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426, Via Cristoforo Colombo
00145 Rome
Italy

Telephone: **(6) 57971**
Telex: **626675 WFPI**
Facsimile: **(6) 57975652 / 5133537**

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Table 1. WFP Assistance to the Least-Developed Countries in the 1980s

Table 2. Active WFP-Assisted Development Projects and Emergency Operations in the Least-Developed Countries (status as at 15 July 1990)

INTRODUCTION

1. The World Food Programme (WFP) is the food aid arm of the United Nations system. In playing a dual role in development and emergencies, WFP is at the forefront of United Nations efforts to combat hunger and poverty. Its goal is to alleviate hunger in sustainable ways through helping to promote equitable development.

2. WFP provides its assistance only to food-deficit countries. Priority is accorded to the low-income, food-deficit countries.[1] Special attention is given to the poorest countries within this group, which includes the majority of the least-developed countries (LDCs). In 1989, WFP was the first or second largest supplier of food aid to almost two thirds of the LDCs that received this form of assistance.

3. WFP's development assistance aims at overcoming short-term food problems as well as dealing with the causes of hunger and poverty in the longer term through providing support to development projects that directly benefit the poor and hungry. WFP is also the largest supplier of emergency food assistance from its own resources and from the International Emergency Food Reserve (IEFR).[2] In addition, WFP provides its expertise and services to purchase, transport and monitor food aid commodities on behalf of bilateral donors. The Programme is also the largest single purchaser of food in developing countries for use as food aid, thereby helping to stimulate food production in developing countries and contributing to South-South trade.

4. WFP does not provide programme food aid, which is supplied in bulk bilaterally on a government-to-government basis for balance-of-payments or budgetary support. WFP food aid is approved exclusively for individual development projects or emergency operations in which the beneficiaries and activities to be supported are clearly identified. Requests for WFP assistance for development project submitted by governments in the developing countries are technically scrutinized by the appropriate United Nations specialized agencies, the cost of which is met by WFP from its cash resources. Requests for WFP development assistance are also examined by the Consultative Subcommittee on Surplus Disposal (CSD) in order to ensure that they would not result in disincentive to domestic agricultural production or disrupt commercial trade.

5. WFP assistance has been provided on the basis that it is largely additional to existing consumption and usual market supplies. Food provided by WFP is targeted at specific groups who do not have enough to eat. WFP aid has also made additional investment activities possible. It has increased employment and provided extra income in the form of food. Consequently, WFP assistance has helped to increase the levels of consumption, investment, employment and income beyond what would have been possible without such assistance. This concept of additionality has been a keystone in WFP's policy and approach to the use of food aid for development.

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[1] Includes all food-deficit countries with a per caput GNP at or below the prescribed ceiling of eligibility for IDA assistance from the World Bank.

[2] An international facility to respond to emergency situations, established in 1975 and administered by WFP. The IEFR has an annual target for voluntary contributions of 500,000 tons of cereals, which has proved to be insufficient to respond to emergencies in recent years.

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6. Food aid has been an important, often vital, form of external assistance for many of the LDCs during the 1980s. Experience has confirmed the roles it can play in assisting LDCs in their economic and social development and especially in attacking the growing problems of hunger and poverty.

7. Project food aid of the type provided by WFP has often given a lead in addressing the problems of the poor in tangible ways and in enhancing the human element in the development process. It has also been an instrument for pursuing the goals of self-reliance in recipient countries, particularly through its support to agricultural and rural development projects and to programmes for the development of human resources.

8. WFP is a project-oriented development assistance agency. Its food deliveries should be seen as development resources in support of project executed by government departments or agencies in the developing countries. This rather unique nature of project food aid, where food supplies are used as capital for development in association with other types of assistance, calls for close working relationships with other development agencies, which WFP has achieved and is strengthening.

9. Project food aid of the type provided by WFP has certain advantages and safeguards over other ways of providing this type of assistance. It is directed specifically to people who need it most, thereby encouraging an approach to development that is oriented towards the removal of poverty with the active involvement of the poor themselves. The development objectives for which it is provided are clearly identified. WFP food rations are not free hand-outs but represent a payment for work undertaken in food-for-work (FFW) programmes or an incentive for attendance at health, education and training centres and institutions. As the recipient government's investment in the supported projects is usually substantial, there is strong commitment to successful implementation. Project food aid can also support governments in implementing innovative approaches to development by assisting activities for which conventional forms of financial assistance may not be forthcoming. It can also act as a catalyst to attract other forms of aid. WFP project food aid is also more readily susceptible than programme food aid to controls to prevent disincentives to local agricultural production and disruption of local and international trade in food commodities.

10. Food aid is not a panacea, however, and, as with any other form of aid, if misused or mis-directed, it can have counterproductive effects. Hence, food aid is best used in the context of recipient governments' policies and programmes that explicitly seek to increase food production and food security and to improve the conditions of the poorest segments of their populations. Moreover, its maximum impact is achieved when it is provided as part of a package of financial, technical and material assistance.

11. WFP has also played a major role in emergency situations caused by nature and by man. In emergency situations, food aid commodities are often the only source of food available to the afflicted population. With offices in virtually all the LDCs receiving its aid, WFP has officers on the spot who can make rapid assessments of need, requisition food and organize its distribution from borrowed in-countries stocks. If none exist, WFP can divert vessels on the high seas carrying its food aid commodities to the nearest port. WFP has developed an International Food Aid Information System (INTERFAIS), which provides donors and recipients regularly with essential data on food aid operations and logistics. With the cooperation of donor countries, WFP has helped improve port, storage and inland transportation systems during emergencies in a number of LDCs, including the running of trucking and shipping operations in areas of armed

conflict. Increasingly, WFP has also been called upon to help coordinate international emergency food aid relief operations in order to deliver food efficiently to people in urgent need.

12. The indications are that food aid will continue to be an essential element in international assistance to many LDCs throughout the 1990s. Widespread poverty, hunger and malnutrition, stagnant or declining food production, increasing food imports and their cost, and a general worsening of their economic situation make the continued provision of food aid to those countries a major, international developmental and humanitarian concern. In addition, if the widely expressed interest of governments and the international community in improving the unsatisfactory food security status of many people in the LDCs is actually translated into programmes which will increase their access to food, the opportunity to use more food aid effectively will be even greater. However, the absorptive capacity of LDCs for food aid should be taken into account not only in terms of avoiding disincentives to domestic production but also by increasing their administrative and logistical capacities.

13. How can food aid, together with other forms of assistance, be deployed in the LDCs so that it can contribute to lasting improvement rather than create a state of dependency? WFP experience in supplying this form of assistance since 1963 has provided basic indicators for the future. Certain fundamental benefits can be derived from the application of food aid, as an investment resource, for well-designed projects which directly benefit those people in greatest need and, at the same time, lead to increased food and agricultural production and to sustained development. In this way, the potential counterproductive effects of food aid can be deliberately avoided.

14. There are significant differences among LDCs, however, concerning their need for food aid, their ability to absorb it effectively and the relative difficulties of supplying them with this form of aid. Of the countries currently designated by the United Nations as "least-developed", 28 (68 percent) are in sub-Saharan Africa. There are significant differences among the LDCs in terms of their size, location, resource endowements and economic prospects. Development projects and delivery systems should therefore be designed that are best suited to the particular conditions of each country.

DIMENSIONS OF WFP ASSISTANCE

15. During the decade of the 1980s, WFP total expenditure in providing assistance to the LDCs was $2.6 billion, 39 percent of all its expenditure (see Table 1). WFP shipped 4.7 million tons of food for development project in the LDCs during the 1980s, representing 39 percent of WFP shipments to all recipient countries. Annual shipments increased over two and a half times from 270 000 tons in 1980 to 668 000 tons in 1988. In addition, during the 1980s, WFP shipped over two million tons of food for emergency operations in LDCs, 38 percent of all emergency food aid provided by WFP over the decade. While the annual WFP emergency food aid shipments to LDCs in 1980 was 74 000 tons, it increased by more than five times to 403 000 tons in 1985, mainly owing to the food crisis in sub-Saharan Africa, and was 405 000 tons in 1989.

16. At mid-July 1990 (see Table 2), WFP had committed 2.3 million tons of food assistance to 88 on-going development projects in the LDCs with a total value of over $1 billion (including the cost of food, transport and other associated costs). At the same time, 442 000 tons of WFP emergency food aid, valued at $161 million, was committed to supporting 45 emergency operations in the LDCs. In addition, 440 000 tons of WFP development assistance, valued at $157 million,

was committed to eight protracted refugee and displaced people operations in the LDCs.

17. In total, therefore, WFP's commitments for its current on-going portfolio of assistance to 141 development projects and emergency operations in the LDCs amounts to 3.2 million tons of food with a total cost to WFP of over $1.3 billion.

18. In 1989 alone, WFP's expenditure on assistance to the LDCs totalled $345 million, which was 48 percent of its total expenditure to all countries receiving WFP aid. This excludes expenditure on WFP programme support and administrative costs as well as on insurance premiums and warehouse facilities which cannot be apportioned by recipient country.

19. In 1989, WFP undertook to provide additional assistance to the LDCs to enhance the ability of governments to implement WFP-assisted development projects. That additional assistance includes meeting up to the entire cost of internal transport, storage and handling of WFP food aid; providing funds to defray the costs of such project activities as monitoring and reporting; training additional government personnel; and helping governments finance additional technical and managerial support to WFP-assisted projects. The incremental annual cost to WFP of that initiative, for projects approved in 1989, is half a million dollars, of which about half will be funded from WFP cash resources and the remainder by providing additional WFP food aid commodities to be sold on the open market in selected LDCs in order to obtain the required local currency.

ROLES OF WFP ASSISTANCE

20. The main uses of WFP project food aid in the LDCs have been in support of (a) agriculture and rural development and (b) human resource development.

Agricultural and rural development

21. The greater part of WFP assistance to the LDCs has supported a wide variety of agricultural and rural development projects. About 56 percent of WFP's commitments to on-going development projects in the LDCs in value terms has been allocated to such projects (see Table 2).

22. The largest proportion of WFP assistance to the LDCs (over 40 percent) has been for projects designed to increase food and agriculture production through land development and improvement, the production and diversification of crop, fish and animal production, forestry, soil conservation and watershed management.

23. A common feature in the LDCs is the inadequacy of transport and logistics infrastructure, especially storage. Apart from acting as a major bottleneck to development, inadequate transport routes present an impediment to food distribution and exacerbate the severity of food shortages, famines and emergencies, especially in remote rural areas. Improving transport systems can facilitate the provision of food and services required for agricultural and rural development and for the marketing of products. Construction and improvement of transportation and logistic systems in the LDCs can be carried out through labour-intensive public-works programmes. Minor and feeder roads and other logistic infrastructures may be built through community development-type projects, which would provide employment in the slack agricultural season and open up the more remote and poorer rural areas for development. About 11 percent

of WFP commitment to on-going development projects in the LDCs has been allocated to this field of activity.

24. WFP assistance has also been given to settlers in new agricultural projects during the initial period until production reaches a level of self-sufficiency. This assistance has not only provided them with an adequate diet during the period of heavy work but has also prevented them from having to buy scarce, high-priced food in the new settlement areas, thereby allowing them to invest their cash resources in the development of their new farms and homes, thus speeding up the settlement process.

25. In most of the WFP-assisted agricultural and rural development projects in the LDCs, WFP's food aid has been provided through food-for-work (FFW) programmes. Well-targeted FFW provides employment and income for poor, food insecure households and can have a positive distributional benefit from the assets created. FFW is self-targeting as only the poor will accept food for work. There are three main types of FFW: labour-intensive public works schemes, in which food is provided as part of the wage; self-help community development projects, in which food is provided as an incentive to poor communities to work together on the creation of infrastructure of benefit to the community as a whole; and agricultural settlement schemes and work on private holdings in which food aid is provided to tide settlers and farmers over the period when the new farm holdings are being developed, traditional farming systems are being transformed or made more productive, and assets created.

26. Achievements from FFW have been cited in various ways. In some countries, they have been measured by the additional work achieved because food aid has been available. Over half of Lesotho's road network is said to have resulted from FFW. Niger's large-scale FFW programme during the height of the food crisis in 1984-85 is claimed to have avoided the exodus of people off the land that would otherwise have occurred. Another measure of success is found in the participation rates of female workers in FFW. In WFP-assisted FFW programmes in Lesotho and Niger, female participation rates have reached 80-90 percent. This demonstrates the incentive effect of food aid in mobilizing female labour in a context in which the proportion of female-headed households is high and where women are the main producers.

27. Bangladesh has a vast rural infrastructure that requires constant rehabilitation after heavy rains and natural calamities. WFP has assisted the national FFW programme since 1975, which gives the unemployed an opportunity to work on the reconstruction of the rural infrastructure for water and land development. This increases agricultural productivity, improves road communications and protects areas from flooding. The work is carried out when agricultural activities are at a low level, which coincides with the time when food prices generally rise, as the new crop is not yet on the market. It therefore helps stabilize foodgrain prices. An $82.7 million two-year expansion of WFP assistance for the Bangladesh programme was approved in 1989. During the expansion period, the FFW programme will be diversified to include new activities such as land reclamation and non-governmental organizations will be encouraged to initiate innovative schemes.

28. Food aid has been highly instrumental in supporting the development of grass-roots institutions critical to improvement in agricultural production and in the rural sector as a whole. Poor people and communities have thereby been brought into the decision-making process. They have also been given a stake in development projects which is vital for sustained growth. A good example of this is the umbrella project, ACOPAM, which has been jointly supported by the

Government of Norway, ILO and WFP. This project provides technical support for cooperative institutions within the framework of development projects assisted by WFP. The projects are being carried out in LDCs in the Sahelian region of West Africa. ACOPAM has demonstrated the numerous ways in which food aid and cooperatives can be mutually supportive. Food aid has provided an initial impetus, as seed or primer capital, in building up the human and financial capital of cooperative members and societies. It has supported training programmes in cooperative management and organization and for increasing the skills and productivity of members, for example, in Burkina Faso, Mali and Mauritania.

29. As an incentive for FFW in Burkina Faso, Mali and Niger, food aid has helped in the construction of village stores or "grain banks" run and managed by the cooperatives themselves. To enhance food security at the community level, village cereal banks have been formed in Niger, Mali and Burkina Faso, using food aid to provide the initial stock. This assistance can lead to greater economic and financial strength in cooperatives and to a growth in their assets and the volume of their turnover. This enlarged capacity and improved credit-worthiness can give cooperatives better access to development financing and attract other donors.

30. To be fully successful, however, approaches such as those exemplified by the ACCPAM network must receive the policy support and commitment of governments. They must be capable of being replicated and demonstrate their capacity to evolve into self-sustaining movements, run and organized by the people themselves with their own resources as external assistance is gradually phased out.

Human resource development

31. About 44 percent of WFP assistance for on-going development projects in the LDCs in value terms (see Table 2) has been committed for the development of human resources including: supplementary feeding for pregnant women, lactating mothers and pre-school children; and feeding at schools and training institutions and centres. These programmes not only have a welfare function but they are also designed to improve mother and child nutrition, to give incentive for attendance at mother and child care centres, schools and training courses, and to provide budgetary support for these social sector services that often lack adequate resources, thus contributing to long-term human capital development.

32. In Chad, up to 40 percent of the population has been affected by the ravages of war and drought over the last decade. The sheer lack of food, poor weaning practices, lack of access to safe drinking-water and a low level of health education have combined to increase their vulnerability to sickness and disease. Rates of infant mortality and morbidity, and of maternal mortality, are high; women live an average of only 45 years. WFP aid worth $4.5 million was approved in 1989 for a two-year project to assist the Government's efforts to help these vulnerable groups. WFP food aid will feed malnourished children between six months and five years attending social centres and will also serve as an incentive for expectant and nursing mothers to attend these centres. In addition, the food aid will act as an income transfer to handicapped and destitute people attending the centres and provide budgetary support for some orphanages. This assistance is in advance of a structural adjustment programme to be financed by the World Bank and a national food security programme to be designed with FAO technical assistance.

33. In a three-year expansion of a project in Cape Verde, WFP aid valued at $6.6 million was approved in 1989 to support the national social security and vulnerable group rehabilitation programme. WFP food aid will constitute a considerable income transfer, providing both a dietary and a budget supplement for destitute families and vulnerable welfare/health-care recipients (the elderly, the handicapped, the chronically ill, adolescent orphans and hospital patients), who cannot afford to buy food. Food aid will also provide an essential nutritional supplement for malnourished pre-school children at health centres and in kindergartens. An evaluation of an earlier phase of the project found that WFP assistance had played an important catalytic role in helping the Government to set up and organize its national social welfare system and had been especially effective in providing an income transfer to poor families.

34. In the former Yemen Arab Republic, WFP has approved a three-year expansion of assistance valued at $23.5 million for the health and social sectors. This assistance will strengthen the capacity of Government to help disadvantaged people, mostly women. Training and education programmes will support the development of income-generating activities, which will allow WFP gradually to phase out its assistance.

35. WFP aid of $13.1 million to a four-year expansion of a project in the Gambia will assist the Government to meet the demand for primary education, help increase access to secondary technical education, and support improvement in the quality of teaching at both primary and secondary levels. The food aid will represent a significant income transfer to poor families, particularly families with more than one child at school. The Government savings will be used to develop education programmes and improve teaching facilities.

36. In Lesotho, WFP has approved $26.8 million of assistance over a five-year period as support for the development of education and school self-reliance. In this project, WFP will continue to provide food assistance to primary schoolchildren. School meals encourage regular attendance and improve the children's diet. WFP has encouraged participation in school-based production activities in order to strengthen the role of the community and parents in the education of children. This will allow food assistance to be phased out in some schools and to be concentrated on schools in poorer areas of the country.

37. In Uganda, a three-year expansion of WFP assistance of $26.7 million to boarders in educational institutions will help the Government strengthen its education programme by providing one third of the food consumed by boarders. The share of parents' contributions will be reduced, thereby enabling children from poor households to attend. Government savings will be used to buy additional training materials and agricultural inputs for demonstration gardens and school farms.

38. The need for accelerated efforts towards human resource development is particularly critical in many LDCs, especially in sub-Saharan Africa. Africa now has the highest population growth rate of any region in the world and the highest rates of rural-urban migration. At the same time, many countries of the region face circumstances under which the population can no longer secure adequate incomes or food from agriculture alone. In others, agricultural incomes are uncertain and prone to collapse in drought years, as was experienced in the mid-1980s, and is currently threatening yet again some countries, such as Ethiopia and Sudan. Furthermore, it is evident that agriculture alone will not provide gainful employment for all those entering the rural labour force. There are opportunities to be explored and supported for training and employment in the rural areas of LDCs. The development of rural industries and services implies choices regarding the mix of labour, capital and technology. These

choices involve many factors but, wherever possible, they should concentrate on labour-intensive, small-scale enterprises supplying products and services for which demand increases rapidly as rural incomes rise.

39. Opportunities for using food aid, and the counterpart funds generated from the sale of food aid commodities, to help fund local training programmes should receive more systematic attention in order to contribute to the improvement of old skills and the development of new skills. However, careful planning is required to ensure that skills are productively used. Where the necessary conditions exist, there may be a further use of food aid to support the initial costs of new rural and urban enterprise. Such initiatives have been most successful when channelled through people's organizations such as cooperatives. It is important, however, to stress that food aid will be best used in combination with financial and technical resources.

Environmentally sustainable development

40. An issue of increasing concern in the LDCs is the need to promote projects for environmentally sustainable development. These projects may particularly benefit from food aid of the kind provided by WFP. Such food aid can help offset the local costs of environmental protection works at the household, community and national levels. These works are largely labour-intensive and can be carried out by unemployed and underemployed workers at times of the year which do not attract them away from other productive employment. Employment in these works can help address the seasonal dimensions of hunger and poverty by providing food and work. As such works are often required in poor marginal areas, provision of food and employment is targeted at the poorest and most vulnerable groups. Counterpart funds from the sale of food aid commodities to project workers can also generate funds to buy locally produced tools, equipment and materials needed in environment protection works, thereby creating additional demand and employment opportunities.

41. WFP is one of the largest providers of external aid for projects to help overcome environmental degradation in the Third World. These projects include forestry, watershed management and associated soil conservation works; increasing agricultural productivity, including training of small farmers in sustainable agricultural techniques; and rangeland management.

42. Depending on the particular situation, food aid may make investments easier by segmenting and phasing costs. For example, food aid may be provided to help cover the high initial labour costs of soil conservation works on farm land. Farmers would then be left with only the need for routine maintenance of those works in order to obtain increased crop yields. Bigger and better harvests would more than compensate for the cost of maintenance and farmers would be able to take care of their soil protection works on a sustained basis.

43. At the community level, food aid can serve a similar function in protecting communal resources. The high initial costs of large-scale works, e.g., construction of check dams to prevent erosion on communal hill tracts, can be offset through FFW in a community development programme. Once the initial costs have been met, villagers would have only relatively low maintenance costs in protecting these communal structures.

44. Food aid can also help to promote activities on a more regional or national scale. For example, FFW could help get trees planted in watersheds where eroding soils would otherwise fill reservoirs downstream with silt. In such cases, food aid would amount to a budget supplement, enabling local government administrations to carry out more tree-planting to protect reservoirs than would otherwise be possible.

45. Properly designed and implemented, food-aided activities such as these could equally serve short-term production requirements and longer-term environmental needs. The involvement of poor households and communities in such projects would draw on their knowledge and view of the problems encountered, and thereby lead to self-reliant development. Government policy and legal measures, such as people's rights to land and trees, must also be in place, however, otherwise food aid, or any form of aid, is unlikely to lead to environmentally sustainable development.

46. In areas of Burkina Faso with dry laterite soils that are easily eroded by wind and water, men, women and children regularly undertake a day of collective work to reduce erosion and increase productivity. The soft slopes surrounding the villages are scarred with gullies caused by rapid water run-off. Using rudimentary technology, the villagers have begun the laborious task of filling the ravines with rocks. Stones are brought from quarries, sometimes more than five kilometres away, to build small terraces in the gullies, which are then filled with a mixture of soil and organic waste, producing productive land for vegetables and crops. Since a gully can be 80 metres long, a metre wide and a metre deep, many loads of rocks and much work are often needed to fill it up. As a result of the earthworks, the water level rises because the land soaks up the rainwater that used to flow wastefully down the gullies. On work days, the villagers observe the traditional practice of the "popote" or common meal. The WFP food ration that the workers earn, as part of assistance to a multipurpose rural development involving $19.8 million of aid over a four-year period, is pooled into the collective meal cooked each workday.

47. In Haiti, WFP is providing $2.4 million of assistance over a three-year period for a project designed to promote soil and water conservation and to rehabilitate degraded forest areas, making land more productive in the poorest mountain regions. WFP assistance also helps to improve community infrastructure. Project beneficiaries receive training in improved farming methods that will help both to reduce erosion and to increase production. Owing to the high level of poverty in the project area, and the Government's financial constraints, a small part (12 percent) of the WFP food aid will be sold and the funds generated used to buy locally produced tools and building materials for farmers, thereby creating additional demand and generating more employment opportunities.

48. The rural poor whom WFP help often live in areas where soils are depleted, erosion is advanced, rainfall is inadequate and access by road is limited. To assist such groups, WFP must support activities with inherent environmental risks. A 1989 study to examine the environmental implications of WFP-assisted projects concluded that avoiding such risks depends primarily on attention to the design, implementation and maintenance of the projects. A checklist highlighting the types of projects supported by WFP that are particularly sensitive to environmental concerns has been devised for WFP's project preparation guidelines.

49. In July 1989, WFP hosted a high-level meeting of the Joint Consultative Group on Policy (JCGP), consisting of the main funding programmes of the United Nations system (UNDP, UNFPA, UNICEF, IFAD and WFP), which together provide about three quarters of the grant assistance for development provided by the United Nations. The meeting, which brought together the executive heads and senior staff of JCGP organizations, discussed measures they could take to promote environmentally sustainable development. Among the conclusions of the meeting was that developing countries should be assisted in preparing national environmental plans to improve the programming of external aid.

Structural and sector adjustment

50. LDCs are attempting to carry out far-reaching adjustments of their economies in the face of severe internal and external difficulties. Increasing assistance is being provided for these efforts. Experience has shown that, among other things, the time period over which adjustment can be expected to take effect is much longer than was originally envisaged, longer-term development must not be sacrificed for short-run adjustment aims, and particular attention should be given to the social dimensions of the adjustment process in order to achieve what has come to be called "adjustment with a human face".

51. WFP has pointed out that (aside from using programme food aid for general balance of payments and budget support during the adjustment period, which WFP does not provide), project food aid can be used to support structural adjustment and sector adjustment in three ways.

52. First, project food aid can be used to support policy reform and adjustment in a particular sector of the economy. This can be done through partial or complete monetization of food aid, with the local currency funds generated used to support policy reforms being pursued by the recipient government. Two of the most common examples of this approach are found in efforts to restructure food marketing mechanisms and food price structures. Monetized food aid can also be used to support small producers by helping to provide initial capital for credit schemes, producer associations and cooperatives.

53. In market restructuring or price stabilization projects, food aid is made available to governments for distribution, usually for sale, when food prices are high. The sales proceeds are normally used to purchase local staple foods at guaranteed prices after harvest in order to replenish food reserves. Such projects help prevent excessive price fluctuations of staple foods, which, if unchecked, could discourage local production (through producer prices falling too low immediately after harvest) or cause excessive hardship to poor consumers (because retail prices rise to high levels immediately prior to harvest).

54. WFP's support for cereal market restructuring in Mali was evaluated in 1989. The main beneficiaries were the rural poor who live on land best suited to millet or sorghum cultivation. The project improved their economic returns by ensuring that they were paid more for their crops, and by helping them become more involved in private sector trade. The evaluation concluded that increased production by farmers in recent years was due to improving access to markets along with liberalizing pricing systems, in contrast to the previous state monopolies and low official prices that often resulted in small land areas being sown and hence low production, even after good rains. Along with providing food aid, WFP also played a major role in supporting appropriate government policies by assisting the government and donors in the coordination of food aid operations and the management and use of a common fund established from the sale of the food aid commodities provided, thereby ensuring that all funds generated through food aid from all sources were used for common, agreed purposes. The

main lessons from the evaluation were that: care must be taken to ensure that food aid donors do not increase the availability of cereals for sale that are not a staple of the country; imported cereals should not be sold at low prices and so act as a disincentive for local cereal production; and proceeds from the sale of food aid commodities should be used to ensure that higher prices are paid to local producers, to encourage them to increase their production, rather than being used as general support for national budgets.

55. The second use of food aid is through investment in specific development projects that support adjustment policy measures. FFW programmes are the most common example, usually consisting of projects to build physical infrastructure, but also including farming and urban community projects. However, non-food costs must also be provided for FFW schemes as well as technical assistance, which can be serious constraints in LDCs during a period of adjustment.

56. The Government of Guinea has launched an economic and social recovery programme based on the liberalization of the economy and the revitalization of the productive sectors, especially agriculture, which supports three quarters of the population. WFP food aid, at a cost of $10.8 million over a three-year period, supports FFW activities to improve and sustain agricultural production, repair rural roads and build improved infrastructure. Given the budgetary difficulties facing the Government, and the high internal cost of handling the WFP food aid commodities, 50 percent of those costs is covered by WFP and 40 percent by counterpart funds established through beneficiaries' contributions.

57. Thirdly, food aid can be used in programmes to support vulnerable groups during an adjustment programme, e.g., redeployed state employees, subsistence farmers, landless workers, the urban poor, or female-headed households. As well as providing income support through public works schemes, compensatory measures can also be targeted to maintain nutritional levels through supplementary feeding, rationing schemes and price subsidy or food coupon programmes.

NEW MODALITIES IN FOOD AID AND FOOD TRADE

58. While the greater part of food aid continues to be provided directly from food supplies in donor countries, increasing attention is being given to finding ways of deploying food aid more flexibly, to improve its efficiency, to take account of fluctuations in the food supply situations of developing countries, and to use food aid to stimulate increased food production and trade in and among developing countries. This is being done through what are referred to as new modalities in food aid - triangular transactions, trilateral operations, local purchases, and commodity exchange arrangements.

59. Under triangular transactions, a donor makes money available from its food aid budget to purchase food in an exporting developing country for use as food aid in another developing country. Trilateral operations differ in that a food commodity is used by a donor in place of money to exchange with a different commodity in an exporting developing country, which is then used as food aid in another developing country. Local purchases occur when a donor uses money from its food aid budget to purchase food in a developing country for use as food aid in the same country. Finally, exchange arrangements involve swapping a commodity provided by a donor, such as wheat, which is consumed in urban areas in the recipient country, for another commodity, such as maize, which would be used as food aid to support a development project in rural areas.

60. Food aid provided through these mechanisms represents a growing proportion of total food aid flows. There are a number of difficulties and constraints, however, to carrying them out on a larger scale. Nevertheless, they represent attempts on the part of the donors to increase the cost-effectiveness of food aid, speed and timeliness of delivery, and appropriateness of the type of commodity provided in keeping with the food habits of the beneficiaries, and to stimulate increased agricultural production and trade.

61. WFP is the largest purchaser of food in developing countries for use as food aid both on behalf of bilateral donors and other United Nations organizations and from its own resources and from cash contributions to the IEFR. In 1988, WFP purchased 465,700 tons of commodities in developing countries with a total value of $108 million, of which 45 percent was purchased in 17 countries in sub-Saharan Africa including a number of LDCs. In 1989, a record 261,000 tons, with a value of $57 million, were purchased by WFP in sub-Saharan Africa. Food worth $5 million was purchased in West Africa, twice the amount bought in 1988, which included LDCs in that region.

62. Some 30 percent of the wheat and wheat flour supplied by WFP over the four years 1985-88 was exchanged in the recipient countries of sub-Saharan Africa. About 15 percent of the cereals supplied by bilateral donors was exchanged. Taking purchases and exchanges together, therefore, about 20 percent of cereal food aid to Africa was obtained from within the region.

63. In 1989, while the amount of food aid commodities purchased in LDCs through triangular transactions was small, the quantity obtained through local purchases (136,000 tons) was 48 percent of the total local purchases carried out by WFP in all developing countries. The commodities obtained through local purchases in the LDCs were used as food aid in support of development projects and emergency operations, mainly in sub-Saharan Africa.

64. Recent experience with the new food aid modalities has been encouraging, particularly where there has been competition among potential supplying countries and as experience in designing and negotiating purchasing arrangements has increased. Purchases have been a particularly effective way of providing food commodities appropriate to local requirements. Problems of quality and condition of the supplied commodities have been encountered, however, in non-regular exporting LDCs.

65. With some exceptions, the wider benefits in terms of long-term development of food trade within and among LDCs and other developing countries have not yet been realized. Many of these food aid modalities have only recently occurred so that there has been insufficient time for their developmental benefits to take effect. They have also been mainly carried out through parastatal marketing channels.

66. The new food aid modalities have some advantages insofar as they provide more suitable foods to the recipient country and are often, but not always, more cost-effective when considering both the commodity and related transport costs, especially when the recipient countries are neighbouring developing countries. Triangular transactions result in additional food shipments between developing countries. But they will not promote trade among those countries on a sound and permanent basis in the absence of fundamental domestic economic and trade policy reforms.

67. If sound and sustainable trading patterns within and among LDCs, and other developing countries, are to be developed, as market structures and administrative and managerial capacities are built up, donors should move toward providing financial and technical assistance as well as food aid as part of comprehensive country aid programmes. The development potential of intra-country and inter-country food trade should, therefore, receive close attention in the financing of investments in necessary infrastructure, building up management capacity and negotiating policy reforms aimed at reducing tariff and non-tariff obstacles to food trade within and among developing countries.

NATURAL AND MAN-MADE EMERGENCIES

Emergency food aid

68. There was a marked escalation in emergency food aid to LDCs during the 1980s. Taking WFP food aid alone, while emergency food aid represented 22 percent of total WFP shipments to LDCs in 1980, it was almost 50 percent of much higher total WFP shipments in 1989 (see Table 1). This assistance has served a major humanitarian cause. It has also saved afflicted countries from diverting scarce resources from development and basic recurrent expenditures.

69. A major reason for this transformation has been the occurrence in several LDCs in sub-Saharan Africa of large-scale emergencies caused by wars and civil unrest, resulting in considerable numbers of refugees, displaced persons and returnees. About 70 percent of the volume and value of WFP emergency food aid for the on-going WFP-supported emergency operations in LDCs in mid-July 1990 was for man-made emergencies (see Table 2). About 28 percent of WFP emergency assistance was approved for those suffering from crop failures caused by drought and only slightly more than one percent for the victims of sudden natural disasters.

70. In 1989, half of the 46 WFP emergency operations approved were in LDCs, involving 75 percent of the total value of WFP emergncy assistance. WFP emergency food aid at a total cost of $51.4 million was approved for about four million refugees, displaced persons and returnees in nine LDCs in sub-Saharan Africa. In addition, WFP emergency food aid was approved for two million people in Bangladesh who were made destitute by devastating flood which affected large areas of the country. In Laos, WFP emergency food aid was approved for 200,000 people affected by a serious drought in several central and southern provinces. In Tanzania, pest and disease attacks affected both food and cash crops. WFP emergency food aid was approved at a cost of approaching $1 million for 165,000 people to support them over the most critical period. In Uganda, unusually heavy rains in 1988 in the West Nile region, followed by an invasion of locusts, destroyed local food crops. The subsequent 1989 rainy season failed, resulting in drought, which further reduced the cereal harvest, while the cassava crop was reduced by an outbreak of mosaic disease. A joint Government/United Nations mission in May 1989 estimated some 600,000 people faced food shortages, while local health clinics recorded increased malnutrition among children. WFP provided emergency food aid at a total cost of $2.2 million to provide basic rations for the afflicted population and supplementary food for malnourished children through health clinics and hospitals.

Protracted refugee and displaced person situations

71. A particularly serious and complex problem in recent years has been the growing numbers of refugees and displaced people as a result of civil strife and war. The problem, which has affected a number of LDCs, has often been exacerbated by drought in the areas of conflicts, difficulties of access due to insecurity, and the long-term nature of these situations.

72. In the face of the sheer magnitude of the problem and the rapidly changing situation, neither governments in afflicted countries nor donors and international agencies were always prepared for, and therefore reacted adequately to, the needs of refugees and displaced people, i.e., both those needing help who had crossed national frontiers and local populations displaced within their own countries. The crisis of the mid-1980s in sub-Saharan Africa was of such gravity that many refugees and displaced people arrived in relief camps in extreme physical and mental distress, requiring immediate intensive health care and supplementary feeding. Not only was it difficult to assess the large numbers of a constantly fluctuating population in need, but the effect of a massive influx of refugees and displaced persons in areas inhabited by local populations almost as destitute was often disastrous, leading to increased pressure on already scarce resources. It became apparent that the needs of the indigenous populations of host areas could not be ignored both when considering immediate relief needs and in the formulation of longer-term rehabilitation and development programmes. Attempts to deal with the problem have included the incorporation of refugees and displaced people within development projects, such as a project in Tanzania where WFP committed about $20 million of development assistance between 1972 and 1982 to help settle more than 100,000 refugees who now live in self-reliant rural settlements.

73. Precise numbers are difficult to obtain but estimates suggest that there are perhaps three million refugees currently in sub-Saharan Africa and a similar number of displaced persons. WFP, which supplies about 60 percent of all food aid to refugees and displaced persons, is currently assisting eight protracted feeding operations, each lasting more than one year, for 3.2 million refugees and displaced people, involving $112 million of aid, in LDCs in Africa. Refugees, unlike the victims of natural disasters or drought, depend almost exclusively on international and host government assistance. They are rarely allowed to seek outside employment and receive little or no cash to supplement their food rations or to cover their basic requirements for items other than food. Displaced people seeking refuge from civil strife can sometimes be helped to settle in new areas. However, often their "temporary" status means that they cannot own land. Therefore, they share the same characteristics as refugees who move from one country to another.

74. Refugees and displaced people who are dependent for a protracted period on food supplied from outside, require a commodity basket that is not only adequate for good health, but is also sufficiently varied. A 1989 internal review of WFP's programmes for dealing with protracted situations involving refugees and displaced people found that the approach of relief feeding was deficient in several key aspects: the supply of an appropriate, balanced food basket; the provision of an assured, timely source of sufficient food; and the flexibility needed to meet the varied and changing nature of refugee and displaced persons situations. The burden of relief operations for refugees and displaced persons on available emergency resources has also had a negative effect on availability of resources for emergencies caused by sudden natural disasters and crop shortages.

75. Assistance to refugees and displaced people in protracted situations requires new approaches that respond to their needs from a more developmental perspective. In the past, because refugees and displaced people were usually regarded as temporary residents, not enough thought was given to incorporating longer-term solutions into relief activities. Food aid has often been criticized on the grounds that simple relief assistance based on free hand-outs creates dependency. Nor has there been sufficient recognition of the impact of refugees and displaced people on the local economy, social structures and environment of their host communities.

76. A guaranteed pipeline of food supplies is essential to ensure that breakdowns do not lead to malnutrition, which in turn would call for supplementary feeding programmes. Moreover, basic rations must be accompanied by non-food items, fuel and other commodities such as salt, sugar, spices and tea. In the absence of these items, unauthorized sales of emergency food aid commodities are inevitable in order to procure them.

77. One characteristic of refugee and displaced person situations is that they may suddenly change. Rapid changes in management are needed to cope with the return and rehabilitation of refugees and displaced people who had been receiving assistance in camps in neighbouring countries.

78. Beneficiaries must be treated not just in terms of their need for subsistence and survival, but also in terms of their individual capacities for growth and independence. In protracted situations, children are born and mature within feeding camps. There are usually possibilities in camps for education and training, and often for agricultural and other income-generating activities, to prepare refugees and displaced persons for their future back home or, in some cases, in the host country.

79. In order to strengthen WFP's ability to respond to the special needs of refugees and displaced people, WFP's governing body, the Committee on Food Aid Policies and Programmes (CFA), decided in 1989 on certain changes in the funding and approval of assistance. Those situations in which the afflicted population must be fed for more than one year are now funded from a subset of the regular development resources of WFP, to which donors will make pledges over and above their normal contributions to WFP, and not from the IEFR as in the past. Those specific pledges are to be supplemented by up to $30 million a year from WFP's regular resources.

80. The transition from "emergency" to "quasi-development" is expected to take time. For donors, it means reallocating some funds from one budget to another as well as supplying additional food commodities normally not provided in emergency food allocations. With this new approach, the process of assessing requirements for each operation should also be different. Rather than just concentrating on food needs, the possibilities for introducing education, training, particularly farming techniques as well as other activities aimed at finding durable solutions, need to be examined. A more balanced and better coordinated mix of financial, technical and food aid will be needed than has been provided in the past. The various United Nations agencies are now devising plans to meet these more development-related concerns.

Emergency-development strategies

81. There is broad agreement that in cases of recurring emergencies in LDCs, as elsewhere, development assistance, including food aid, should be provided through programmes and projects that attack their root causes, rather than ad hoc emergency aid year after year. Regular emergency food distribution has led to a certain dependence and expectation by governments that they will continue to receive such assistance. In many cases, there has been insufficient distinction between structural and abnormal food deficits, with the consequence that a regular series of emergency food aid operations has had to be approved for the same countries.

82. There is a close and growing link between poverty and vulnerability to recurring emergencies, particularly those caused by drought. It is evident, however, that if the food security of the most vulnerable populations could be improved at the household level through development programmes and projects assisted by financial and food aid, the continued need for emergency interventions could be considerably reduced. This approach needs closer attention.

83. The traditional strategy that relates emergency relief to development objectives involves a "relief-rehabilitation-development" sequence. This sequence may begin well but often runs out of resources and cannot be sustained. Other strategies have proved to be more appropriate in LDCs, particularly those in which emergency relief is located in a development context through disaster prevention and preparedness strategies or post-emergency rehabilitation and development programmes. The Government of Ethiopia, for example, approved a national disaster prevention and preparedness strategy in November 1989. This marked a recognition by the Government that drought is a recurring phenomenon in Ethiopia and that to avoid famine, and the disruptions to development programmes and projects that have occurred in the past, a national strategy is required as an integral part of the national development plan.

84. Three approaches to the relief-development interface have proved to be particularly successful. The first is to develop emergency projects with a built-in development capacity. The second is to design development projects that can be expanded rapidly to provide emergency assistance. The third is to adopt a simultaneous emergency-development strategy, whereby resources can be provided, of which food aid may be a part, to support employment in a local district when there is a collapse in household food production or income.

85. FFW has played a key part in each of these approaches. Employment schemes have created household assets capable of generating future income, or community infrastructure that brings long-term benefits to the population at risk, such as improved water supplies. They have created a "safety net" in drought-prone areas and supported the coping strategies of poor people themselves. The transfer of income in the form of FFW to poor households at risk at an early stage of a developing food crisis reduces the need to sell assets and to leave home in search of food. This can help stabilize consumption in the short run, halt the decline towards destitution and improve the prospects of recovery after the crisis has passed.

86. At the same time, where the emphasis has been more on relief than development, this has invariably led to lower productivity and work standards. If FFW in vulnerable areas is to be expanded rapidly in bad years to provide food and employment, more attention is required to create the necessary legal, financial and organizational framework. The large FFW programme supported by WFP

in Bangladesh can be expanded to provide food and work for people made destitute by natural disasters. In LDCs in West Africa, additional food aid has been committed by WFP to development projects for use in emergencies. In this way, access of the poor to food can be expanded in bad years by being built into the design of food-aided projects in vulnerable areas, care being taken not to undermine their developmental benefits.

87. These, and similar, strategies indicate important changes in thinking and planning on the part of governments and donors regarding the use of food aid. They could help to change the image and form of food aid from a resource thought of mainly for relief feeding to a versatile resource for development. Nevertheless, it should be recognized that relief through food subsidy and supplementary programmes will continue to be required for the foreseeable future for vulnerable groups unable to participate in works programmes and for areas without adequate development infrastructure.

STRENGTHENING ADMINISTRATIVE AND LOGISTICS CAPACITY

88. The capacity of LDCs to manage their food resources, whether produced internally or imported, including food aid, needs to be strengthened. Inadequate logistic facilities and administrative and managerial weaknesses are among the major constraints in LDCs for managing food and for using food aid effectively both for development and for emergency operations. Special and urgent attention needs to be given to these problems through an approach in which food aid is used, along with financial and technical assistance, to construct and improve the basic logistic infrastructure and to strengthen administrative capacity required to manage development and emergencies.

89. WFP has assisted in the establishment of food management units in several LDCs, particularly in sub-Saharan Africa, as an integral part of a government's administrative function which would be responsible for a country's food management as a whole. Those units are charged, inter alia, with the transportation, storage and handling of all food aid and with the training of national staff to ensure continued efficiency of food management operations when food aid comes to an end. In order to improve the implementation of WFP-assisted projects and the management of food aid, WFP has provided training for government staff in LDCs covering such areas as project management, monitoring and evaluation, food storage and distribution, accounting, record-keeping and computer applications.

90. Cost-effectiveness and economies of scale in food aid operations could be significantly increased through the establishment of common transport and logistics systems. During the food crisis in sub-Saharan Africa in the early 1980s, WFP deployed shipping and logistics officers in strategic locations in several LDCs to facilitate coordination of all food aid deliveries and accelerated port discharge and in-country transportation. They helped introduce bulk handling arrangements in several ports that previously handled only bagged cargo, organized transport through transit routes to landlocked LDCs, and were instrumental in considerably speeding up the movement of emergency food to affected areas. In Mozambique, WFP mounted a chartering operation, discharging food from a coaster to isolated and remote villages along the coast, thereby circumventing internal logistics problems. In Chad, WFP virtually took charge of the complete logistics operations, in close cooperation with the government, donors and non-governmental organizations. In other countries, inadequate operational capacity was strengthened. In Ethiopia and Sudan, large-scale trucking operations were set up with contributions from the international community, which were vital in distributing large amounts of emergency food assistance quickly. These improvements in logistics and management capacity have remained after the food crisis in Africa has passed.

TABLE 1

WFP ASSISTANCE TO THE LEAST-DEVELOPED COUNTRIES IN THE 1980s

Year	Development projects[1] ('000 tons)	(% of WFP total)	Emergency operations[1] ('000 tons)	(% of WFP total)	Expenditure[2] ($ millions)	(% of WFP total)
1980	270.1	31.9	74.5	17.2	100[3]	23
1981	291.2	36.8	108.4	24.0	138[3]	32
1982	546.5	49.2	71.1	12.6	212	36
1983	432.4	40.8	105.8	24.7	228	36
1984	592.3	44.6	252.1	41.2	319	47
1985	422.9	38.7	402.7	54.8	332	43
1986	524.8	38.2	163.5	27.8	240	37
1987	575.3	37.8	240.7	42.8	286	40
1988	667.6	35.6	287.7	46.2	355	41
1989[4]	412.5	49.1	405.5	73.8	345	48
Total	4 735.5	39.3	2 114.0	38.1	2 555	39

[1]Shipments based on bills of lading per year.
[2]Excludes programme support and administrative costs as well as expenditures on insurance premium and warehouse facilities which cannot be apportioned by recipient country.
[3]Estimates
[4]Provisional figures

TABLE 2

COMMITMENTS TO ACTIVE WFP-ASSISTED DEVELOPMENT PROJECTS AND EMERGENCY OPERATIONS IN THE LEAST-DEVELOPED COUNTRIES
(Status as at 15 July 1990)

Category/Class	No.	Total WFP assistance ($ million)	Total WFP assistance ('000 tons)	Percent of LDC total (value)	Percent of LDC total (volume)	Percent of WFP total (value)	Percent of WFP total (volume)
Human Resource Development	34	452.3	856.6	43.8	37.6	14.2	11.4
- Mothers and pre-school children	10	147.5	360.6	14.3	15.8	4.6	4.8
- Primary schools	16	217.5	358.9	21.0	15.7	6.8	4.8
- Higher education and training	4	50.4	74.2	4.9	3.3	1.6	1.0
- Hospitals	4	36.9	63.0	3.6	2.8	1.2	0.8
Agricultural and rural development	54	580.9	1 423.5	56.2	62.5	18.3	18.9
- Agricultural production	34	419.0	1 134.6	40.5	49.8	13.2	15.1
- Rural infrastructure	15	116.3	219.5	11.3	9.6	3.7	2.9
- Agricultural settlement	4	44.9	67.3	4.3	3.0	1.4	0.9
- Food reserves	1	0.7	2.1	0.1	0.1	0.02	0.03
All development projects	88	1 033.2	2 280.1	100.0	100.0	32.5	30.3
Emergency operations	45	161.0	442.0	100.0	100.0	70.1	67.1
Drought/crop failures	12	45.2	125.6	28.1	28.4	19.7	19.1
Man-made emergencies	29	113.4	310.7	70.4	70.3	49.4	47.1
Sudden natural disasters	4	2.4	5.7	1.5	1.3	1.0	0.9
Protracted operations for refugees and displaced people	8	157.0	440.5	100.0	100.0	49.6	44.2
Grand total	141	1 351.2	3 162.7	100.0	100.0	36.2	34.5